

December 21, 2000

Mary Cottrell, Secretary

Department of Telecommunications and Energy

One South Station, 2nd Floor

Boston, MA 02110

**RE: Cambridge Electric Light Company/Commonwealth Electric Company, D.T.E.
00-83**

Dear Secretary Cottrell:

On November 13, 2000, Commonwealth Electric Light Company ("Commonwealth") and Cambridge Electric Company ("Cambridge") (together, "Companies" or "ComElectric") filed with the Department of Telecommunications and Energy ("Department") a Transition Charge Reconciliation Filing and proposed tariffs pursuant to G.L. c. 164, §§ 1A(a) and 220 C.M.R. §§ 11.03(4)(e). In particular, the Companies propose to:

increase their transition charges (from 0.294¢/kWh to 1.445¢/kWh for Cambridge and from 2.856¢/kWh to 3.039¢/kWh for Commonwealth);

increase their transmission charges (from 0.779¢/kWh to 1.442¢/kWh for Cambridge and from 0.360¢/kWh to 0.486¢/kWh for Commonwealth); and

implement the statutory decrease in its demand side management and renewable technology charges.

Pursuant to the Department's December 13 Notice of Filing and Request for Comments, the Attorney General hereby files this letter as his Initial Comments on the Company's filing. In these comments, the Attorney General urges the Department to reject the Companies' proposals to increase their transition charges at this time.

**The Department Should Reject Any Proposal To
Increase The Companies' Transition Cost Charges**

In light of the substantial increases in electric bills that Massachusetts consumers of electric power will endure this year as a result of increasing fuel costs, the Attorney General submits that the Department should reject any proposal to increase transition cost charges at this time. This is a necessary and a fair allocation of burdens of the present circumstances. Moreover, such an approach is consistent with the fact that not only has the Department not yet completed the inquiry into the Companies' mitigation efforts initiated in its December 4, 2000 order in D.T.E. 00-66, 00-67, and 00-70, but it has not yet completed its review of the Companies' prior transition cost reconciliation or, for that matter, their initial Restructuring Plans.⁽¹⁾ In these circumstances and given that the transition charge rate is merely an arbitrary mechanism to provide for the recovery past uneconomic costs and does not provide any economic "price signal" for future behavior, the Attorney General believes that the Department should reject any proposal to increase the Companies' transition charges at this time.

CONCLUSION

The Department should reject the Companies' proposed increases in their transition charges. Consistent with the Department's past practices in these matters, the Attorney General requests that the Department initiate a formal adjudicatory hearing process in regard to the Companies' proposed transition cost and revenue reconciliations. *See Cambridge Electric Light Company/Commonwealth Electric Company*, D.T.E. 99-90.

"[T]he Department must ensure that the proposed reconciliations are consistent with or substantially comply with the Electric Utility Restructuring Act, Chapter 164 of the Acts of 1997 ("Act"), the company's approved restructuring plan, applicable law, and Department precedent." *Boston Edison Company*, D.T.E. 98-111, p. 4 (October 19, 1999). Therefore, the Attorney General requests that the Department commence an investigation of Cambridge's and Commonwealth's reconciliations and proposed tariff changes.

Respectfully,

George B. Dean

Joseph W. Rogers

Assistant Attorneys General

cc: John Cope-Flanagan, Esq.

Robert Werlin, Esq.

Attachment A

An initial review of Cambridge's and Commonwealth's Transition Charge reconciliation identified a number of issues that require investigation, including:

- The proposed change in the true-up of kilowatt hour sales to shift all the risks and the costs of changing usage patterns to the residential and small business customers (similar to that proposed by the Companies' affiliate Boston Edison Company); and

- the proposed "transfer" pricing of the Non-Utility Purchased Power Contracts would include the addition of the fuel trigger to the Standard Offer Price in the determination of the associated market price only for those Contracts which have a provision for a fuel clause.

1. Attachment A to these comments includes a list of outstanding issues in the currently pending transition cost reconciliation proceeding. Issues remaining to be resolved from the Companies' 1999 Transition Charge Reconciliation include issues associated with: the Seabrook purchased power contract; the Blackstone generating station; the return on the net proceeds from the Canal divestiture.